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SERVICE DATE - AUGUST 30, 2000
SURFACE TRANSPORTATION BOARD

DECISION

STB Docket No. MC-F-20973

STAGECOACH HOLDINGS PLC AND COACH USA, INC., ET
AL.—CONTROL—MIDNIGHT SUN TOURS, INC.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving Finance Transaction.

SUMMARY: Stagecoach Holdings PLC (Stagecoach) and its subsidiary, Coach USA, Inc. (Coach), noncarriers, and various subsidiaries of each (collectively, applicants), filed an application under 49 U.S.C. 14303 to acquire control of Midnight Sun Tours, Inc. (Midnight Sun), a motor passenger carrier. Persons wishing to oppose this application must follow the rules under 49 CFR part 1182.5 and 1182.8. The Board has tentatively approved the transaction, and, if no opposing comments are timely filed, this notice will be the final Board action.

DATES: Comments must be filed by October 16, 2000. Applicants may file a reply by October 30, 2000. If no comments are filed by October 16, 2000, this notice is effective on that date.

ADDRESSES: Send an original and 10 copies of any comments referring to STB Docket No. MC-F-20973 to: Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, send one copy of any comments to applicants' representative: Betty Jo Christian, Steptoe & Johnson LLP, 1330 Connecticut Avenue, N.W., Washington, DC 20036.

FOR FURTHER INFORMATION CONTACT: Joseph H. Dettmar (202) 565-1600. [TDD for the hearing impaired: 1-800-877-8339.]

SUPPLEMENTARY INFORMATION: Stagecoach is a public limited corporation organized under the laws of Scotland. With operations in several countries, Stagecoach is one of the world's largest providers of passenger transportation services. Stagecoach had annual revenues for the fiscal year ending April 30, 2000, of \$3.29 billion. Coach is a Delaware corporation that currently controls over 80 motor passenger carriers.

Stagecoach and its subsidiaries currently control Coach,¹ its noncarrier regional management subsidiaries, and the motor passenger carriers jointly controlled by Coach and the

¹ Stagecoach controls Coach through various subsidiaries, namely, SUS 1 Limited, SUS 2 Limited, Stagecoach General Partnership, and SCH US Holdings Corp.

management subsidiaries.² In previous Board decisions, Coach management subsidiaries, including Coach USA Southeast, Inc., have obtained authority to control motor passenger carriers jointly with Coach.³

Applicants state that, on May 2, 2000, Coach purchased all of the stock of Tour USA International, Inc. (Tour USA), then a noncarrier. In a transaction approved by the Federal Motor Carrier Safety Administration, Tour USA simultaneously acquired federally-issued interstate motor passenger carrier operating authority held by an individual, Raimo Nikunen d/b/a Midnight Sun. Simultaneous with that acquisition, Coach placed the stock of Tour USA, the name of which corporation was subsequently changed to Midnight Sun, into an independent voting trust. The control transaction that is the subject of this application will not involve any further transfer of the federal operating authority held by Midnight Sun and will not entail any change in its operations.⁴ Midnight Sun will also be jointly controlled by Coach USA Southeast, Inc.

Applicants have submitted information, as required by 49 CFR 1182.2(a)(7), to demonstrate that the proposed acquisition of control is consistent with the public interest under 49 U.S.C. 14303(b). Applicants state that the proposed transaction will not reduce competitive options, adversely impact fixed charges, or adversely impact the interests of the employees of Midnight Sun. In addition, applicants have submitted all of the other statements and certifications required by 49 CFR 1182.2. Additional information, including a copy of the application, may be obtained from the applicants' representative.

Under 49 U.S.C. 14303(b), we must approve and authorize a transaction we find consistent with the public interest, taking into consideration at least: (1) the effect of the transaction on the adequacy of transportation to the public; (2) the total fixed charges that result; and (3) the interest of affected carrier employees.

² See Stagecoach Holdings PLC--Control--Coach USA, Inc., et al., STB Docket No. MC-F-20948 (STB served July 22, 1999).

³ See Coach USA, Inc. and Coach USA North Central, Inc.--Control--Nine Motor Carriers of Passengers, STB Docket No. MC-F-20931, et al. (STB served July 14, 1999).

⁴ Midnight Sun is a Florida corporation. It holds federally-issued operating authority in Docket No. MC-213275, authorizing it to provide charter and special services between points in the United States. Midnight Sun operates a fleet of 28 buses and employs approximately 40 full-time employees. Its operations are composed primarily of charter services in Florida and between Florida and other states. For the 12-month period ending March 31, 2000, Midnight Sun and its predecessor owner earned operating revenues of approximately \$2.8 million.

On the basis of the application, we find that the proposed acquisition of control is consistent with the public interest and should be authorized. If any opposing comments are timely filed, this finding will be deemed vacated and, unless a final decision can be made on the record as developed, a procedural schedule will be adopted to reconsider the application. See 49 CFR 1182.6(c). If no opposing comments are filed by the expiration of the comment period, this decision will take effect automatically and will be the final Board action.

Board decisions and notices are available on our website at “WWW.STB.DOT.GOV.”

This decision will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. The proposed acquisition of control is approved and authorized, subject to the filing of opposing comments.
2. If timely opposing comments are filed, the findings made in this decision will be deemed as having been vacated.
3. This decision will be effective on October 16, 2000, unless timely opposing comments are filed.
4. A copy of this notice will be served on: (1) the U.S. Department of Transportation, Federal Motor Carrier Safety Administration – HMCE-20, 400 Virginia Avenue, S.W., Suite 600, Washington, DC 20024; (2) the U.S. Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N.W., Washington, DC 20530; and (3) the U.S. Department of Transportation, Office of the General Counsel, 400 7th Street, S.W., Washington, DC 20590.

Decided: August 22, 2000.

By the Board, Chairman Morgan, Vice Chairman Burkes, and Commissioner Clyburn.

Vernon A. Williams
Secretary